

FISCAL YEAR 2007-08 OVERVIEW OF FUNDS AUTHORIZED FOR STATE EMPLOYEE SALARY IMPROVEMENTS

Governor Bredesen and the General Assembly have provided significant funds for state employee salary improvements in Fiscal Year 2007-08. The following key components are included:

- \$42.3 million for a 3% general salary increase, effective July 1, 2007.
- \$23.8 million to address employee salary compression, effective July 1, 2007.
- Funds to increase the State's contribution to the deferred compensation program for each participating employee from \$40 to \$50 per month, effective July 1, 2007.
- \$3.1 million in funds to address management level classification and compensation issues and \$75,000 in other classification and compensation funds, effective date to be determined.

GENERAL SALARY INCREASE

The general salary increase provides funds to adjust salary range minimums and maximums of all job classes by 3% and to adjust the salaries of all state employees by 3%. The continued upward movement of all salary ranges and employee salaries by a consistent "across-the board" amount helps keep the state government salary structure competitive with the job market.

SALARY COMPRESSION

The \$23.8 million to address employee salary compression provides partial funding of recommendations included in the [Department of Personnel and Tennessee State Employees Association Joint Study of Salary Compression](#), dated October 28, 2005.

Approximately one-third of the funds needed to fully implement the Joint Study's compression plan recommendations are available in Fiscal Year 2007-08. Compression adjustments will follow the 3% general increase for all state employees. A policy memorandum covering compression implementation and specific details on how to determine the amount each employee is eligible to receive will be available before July 1, 2007.

CLASSIFICATION AND COMPENSATION FUNDS

The \$3.1 million to address management level classification and compensation issues provides funding to improve market competitiveness of management level employee salaries. The \$75,000 to address other classification and compensation issues provides funds to address more general classification and compensation needs. The effective date will be determined following a study of management level employee salaries and other classification compensation needs across state government and development of a plan to address identified areas.